

Message Text

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ACTION NEA-06

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O R 131015Z DEC 74

FM AMEMBASSY RABAT

TO SECSTATE WASHDC IMMEDIATE 4021

INFO AMCONSUL CASABLANCA

C O N F I D E N T I A L RABAT 6004

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NEA/AFN FOR MONTVILLE

E.O. 11652: GDS

TAGS: EINV ENRG EIN MO

SUBJECT: OIL MOROCCANIZATION TALKS

REF: RABAT 5922

1. AS ANTICIPATED REFTTEL, AMBASSADOR CALLED ON KING EVENING OF DECEMBER 11 IN FES FOLLOWING EXTENDED TALKS WITH CHEF DE CABINET BENSOUDA, MINISTER OF ROYAL PROTOCOL MOULAY HAFID AND AIDE-DE-CAMP DLIMI. PRIOR TO SEEING KING, AMBASSADOR ABLE TO COVER IN DETAIL PREOCCUPATIONS CONCERNING DETERIORATING INVESTMENT CLIMATE INCLUDING CANCELLATION OF OPIC INVESTMENT MISSION AND RISK OF CIEP COMMITTEE INTERVENTION IF OIL MOROCCANIZATION NOT SOON RESOLVED. STRESSED HE NOT ATTEMPTING TO ACT AS LAWYER FOR OIL COMPANIES, WHO ABLE TO FEND FOR SELVES. CONCERN IS WITH EVENTS LARGER THAN OIL QUESTION WHICH ENTAIL ENTIRE RANGE OF ECONOMIC AND OTHER RELATIONS WITH MOROCCO. EXPRESSED PUZZLEMENT HOW, WHEN AGREEMENT SEEMINGLY WITHIN REACH WITH MINISTER OF COMMERCE, SNPP NEGOTIATOR TOOK SIGNIFICANT STEP BACK, AT TIMES ALMOST EXHIBITING

DISDAIN FOR MINISTER'S EARLIER PROMISES.

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2. IN MEETING WITH KING, SAME GROUND COVERED IN BRIEFER FORM. AMBASSADOR ADDED THAT HE FINDING IT INCREASINGLY DIFFICULT TO KEEP WASHINGTON ACCURATELY INFORMED OF WHAT IS GOING ON IN ECONOMIC SPHERE. THIS RAISES QUESTION OF WHO IN CHARGE OF MOROCCAN ECONOMIC AFFAIRS, COMPLICATING WHOLE RANGE OF BILATERAL ECONOMIC ISSUES. ADVERTED TO MEETING ON FRIDAY, DECEMBER 13 CALLED BY DOUIEB, SAYING THAT BOTH WE AND COMPANIES WITHOUT COMPASS REGARDING WHAT OUTCOME OF TALKS MAY BE. THIS HIGHLY RISKY SITUATION. IF UNWISE, HARD-LINE POSITION ADOPTED BY BUREAUCRATIC IDEALOGUES, BALLON COULD GO UP REGARDING UNWISDOM OF INVESTING IN MOROCCO. LIKE REPUTATION CAESAR'S WIFE, ONCE INVESTMENT CLIMATE BLIGHTED, IT NOT EASILY RESTORED. AGAIN STRESSED MAIN POINT, THAT EMBASSY CONCERN WAS TO AVOID TAKING WRONG STEP WHEN POSSIBILITY OF SETTLEMENT AS CLOSE AS WE BELIEVE IT TO BE; ESPECIALLY WHEN SO MUCH ELSE AT STAKE.

3. DRAMATIC DELIVERY OF UNGA FOURTH COMMITTEE VOTE JUST PRIOR TO MEETING CREATED ATMOSPHERE OF WARM ACCEPTANCE FOR AMBASSADOR'S VIEWS. KING LISTENED ATTENTIVELY AND DREW OUT AMBASSADOR IN EVEN GREATER DETAIL THAN HAD BEEN ANTICIPATED. KING REMARKED THAT "SOME BUREAUCRATS LIKE TO PLAY GAMES BUT CAN BE PULLED BACK IN LINE." THEN FIRMLY INSTRUCTED BENSOUDA TO SEE THAT DIRECTIVE BE SENT TO RABAT FOR HAND DELIVERY GHISSASSI ON ROYAL COURRIER PLANE.

4. ABOVE DEVELOPMENTS LEAVE US UNCERTAIN ABOUT FORECAST FOR FRIDAY'S MEETINGS. IT IS OF COURSE GOOD THAT KING NOW FULLY AND CURRENTLY BRIEFED. IT IS GOOD THAT EXCHANGE TOOK PLACE IN OPEN, WARM POST-FOURTH COMMITTEE VOTE ATMOSPHERE. IT IS GOOD THAT GHISSASSI WILL HAVE WHAT WE THINK IS USEFUL DIRECTIVE. WE HOPE ITS PASSAGE FROM OLYMPUS HAS ENDOWED IT WITH ENOUGH MANA TO EFFECT SOME MIRACLE AT LOWER LEVELS. BUT OF COURSE CANNOT BE SURE HOW MUCH OF KING'S UNDERSTANDING ATTITUDE MIGHT HAVE BEEN FOR EFFECT AND HOW MUCH REFLECTS GAIN ON SUBSTANCE.

5. TWO REAL QUESTION MARKS REMAIN. YESTERDAY'S ARABIC-LANGUAGE PRESS CARRIED UNSIGNED ARTICLE (GENERALLY ATTRIBUTED IN CASABLANCA BUSINESS CIRCLES TO SNPP DIRECTOR DOUIEB) GIVING COLORED BUT GENERALLY ACCURATE RUNDOWN ON EFFORTS OF OIL COMPANIES AND CERTAIN EMBASSIES TO "CIRCUMVENT MOROCCANIZATION DAHIR." ARTICLE CONCLUDED: "THESE EFFORTS WILL PROVE INEFFECTUAL." THIS CAN BE READ AS RELATIVELY SOPHISTICATED EFFORT BY SUPPORTERS OF OIL NATIONALIZATION TO DISARM

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ADVOCATES OF COMPROMISE; LAST MINUTE STAB AT HOLDING POSITION; OR AS STRAW IN THE WIND REGARDING ALREADY AGREED ON HARD-LINE POSITION. FURTHER NEW ELEMENT (BEYOND THE KING'S PERSONAL RECEPTION OF AMBASSADOR'S MESSAGE OF CONCERN) WHICH ENABLES US TO HOLD ON TO A POSITION OF CAUTIOUS HOPE IS THAT MOBIL DIRECTOR ALAOUI HAS BEEN SUMMONED TO SEE KING SATURDAY MORNING, DECEMBER 14, I.E. DAY FOLLOWING SESSION WITH GHISSASSI. WE NOTIFIED OF THIS BY ALAOUI AT NOON ON DECEMBER 12 FOLLOWING AMBASSADOR'S RETURN AND HOPE DEVELOPMENT

INDICATES KING'S DESIRE FOR DEBRIEFING ON OUTCOME OF TALKS AND
ESPECTIALLY HOW GHISSASSI AND DOUIEB REACTED TO WHATEVER INSTRUCTIONS
OR GUIDANCE THEY MAY BE OR HAVE BEEN GIVEN.
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